CITY OF VANCOUVER
PLANNING DEPARTMENT

REPORTS TO COUNCIL

SUBJECT: POLICY ON LARGE-SCALE RETAIL USES IN INDUSTRIAL AREAS

DATE: NOVEMBER 24, 1987

COMMITTEE ACTION:

CITY COUNCIL ACTION:

Extract from the Minutes of Vancouver City Council Meeting held November 24, 1987.

"It was noted that Council, at its meeting on November 3, 1987, deferred several items on the foregoing topics to its meeting on November 24th, to be considered concurrently. The reports which refer are:

A. Finance and Priorities Committee Report, dated October 22, 1987, concerning the potential effects of mega markets and similar large-scale retail uses on the City's industrial areas and on its retail structure which was deferred pending a further report from the Director of Planning clarifying the intent of Council's policy concerning large-scale retail uses in industrial areas.
   i. City Manager's report dated November 3, 1987 in which the Director of Planning provided the further report referred to above. The City Manager and Director of Planning recommended that Council adopt a clear policy on retail uses in industrial districts and delete the ambiguous intent clause from some present industrial schedules.
   ii. Letter from Cancor Development Corp. dated October 30, 1987, concerning that company's plans to redevelop industrial land on Southwest Marine Drive for the purpose of a large home improvement centre and nursery.

B. Report of the Finance and Priorities Committee, dated October 22, 1987, in which the Committee recommended that Council reaffirm the IC-1 rezoning policy for Still Creek properties as approved by Council on September 23, 1986, and that retail development on other sites should be curtailed until the completion of the foregoing study of retail uses on industrial sites.

As approved by Council on November 3, 1987, the following delegations were then heard:

- Mr. G. Olma, Cancor Development Corp. advised that his company is interested in redeveloping the Chrysler Canada Ltd. property located at 26 S. W. Marine Drive and constructing a large home improvement centre and nursery which would eventually consist of 162,000 sq. ft. of floor space and provide jobs for 300 full-time and part-time employees. This proposal represents a $15 Million investment, and Mr. Olma is concerned that his company may not be provided with the opportunity to undertake this development if Council adopts a restrictive policy for large-retail uses in industrial areas. The subject proposal could not be developed under existing conditional use zoning and he supports the proposed policy from the Planning Department whereby Council would consider rezoning industrial land to CD-1 for large-retail use developments in excess of 10,000 sq. ft.
- Mr. M. Booty, President, Westfair Foods, appeared before Council and noted that a development permit was issued to Westfair Foods on August 31, 1987 for a $20 Million wholesale/retail development at 350 S.E. Marine Drive. This development will provide between 500 and 550 jobs and construction will commence in early 1988. Mr. Booty stated that there are no commercially zoned sites available in Vancouver large enough for a development of this magnitude and Westfair Foods is not in support of any policies which would restrict retail uses on industrial lands. Westfair Foods welcomes competition which it feels results in better prices and better service for the consumer.
- Ms. K. Dickson advised that as a low-income earner she is very much in support of mega stores which benefit low-income families through competitive prices.

Moved by Alderman Puil, that recommendations 1, 2, 3 and 4 of the City Manager, as contained in his report dated November 3, 1987, be approved.

-Lost

(Aldermen Baker, Bellamy, Boyce, Caravetta, Owen, Price, Taylor and the Mayor opposed)

Moved by Alderman Boyce, that recommendations A, B and C of the City Manager, as contained in his report dated November 3, 1987 and quoted below, be approved.

A. That Council adopt the Policy on Large-Scale Retail Uses (Appendix A).
B. That the Director of Planning report back after one year on experience operating under this policy.
C. That the Director of Planning solicit consultant proposals to evaluate the policy in light of emerging retail trends, and that he report back on appropriate candidates and required budget.

-Carried

(Aldermen Davies, Eriksen and Puil opposed)

Moved by Alderman Boyce, that recommendation No. 2 of the City Manager, as contained in his report dated November 3, 1987 and quoted below, be approved.

2. That Council instruct the Director of Planning to apply to amend the M-1, M-1A, and M-2 District Schedules of the Zoning and Development By-law to delete the ambiguous intent clause identified in this report, that the Director of Legal Services be instructed to prepare the necessary by-law, and that the application and by-law be referred to a Public Hearing.

-Carried

(Alderman Puil opposed)

Moved by Alderman Puil, that Council reaffirm the IC-1 rezoning policy for Still Creek properties, as approved by Council on September 23, 1986, and that retail development on other sites should be curtailed until the completion of the forthcoming study of retail uses on industrial sites.

-Carried Unanimously

It should be noted that Council also adopted the policy on Large Scale Retail Uses as contained in Appendix A which is included in this package.

OTHER:

C.C. 66 MLH/80

CITY OF VANCOUVER

MEMORANDUM

From: CITY CLERK *Date:* November 20, 1987

To: VANCOUVER CITY COUNCIL *Refer File:* 5302-8/ 8013/5317-2

Subject: A. Policy on Large-Scale Retail Uses in Industrial Areas
B. The Grandview Highway Industrial Area and Still Creek

At its meeting of November 3, 1987, Council deferred several items on the foregoing topics to its meeting of November 24th, which should be considered concurrently. The following materials refer:

A. The relevant clause of the October 22, 1987 Finance and Priorities Committee report was deferred by Council, pending the receipt of a further report from the Director of Planning clarifying the intent of Council's policy.

A.(i) City Manager's report dated November 3, 1987 (the aforementioned further report from the Director of Planning).

A.(ii) Letter from the Cancor Group of Companies dated October 30, 1987. Council on November 3rd agreed to hear a delegation with respect to this brief. Arrangements have been made accordingly for the following to address Council:

Mr. Gerry Olma, Cancor Development Corp.

B. Council approved Recommendations A and B of this clause of the Finance and Priorities Commmittee's October 22nd report on November 3rd. However, Recommendation C was deferred pending a decision on the foregoing large-scale retail use policy.

DEPUTY CITY CLERK

NLargent:nml
Attachments

MANAGER'S REPORT

November 3, 1987

TO: Vancouver City Council

SUBJECT: Clarification of Council Policy on Retail Uses in Industrial Areas

CLASSIFICATION: RECOMMENDATION AND CONSIDERATION

The Director of Planning reports as follows:

"PURPOSE

On August 11, 1987, Council enacted amendments to the Zoning and Development By-law which limited outright and conditional retail uses in all industrial districts to 10,000 square feet. This report recommends means to clarify the intent of these amendments for the benefit of the the Board of Variance and others who will need to interpret Council's direction.

BACKGROUND

At its meeting of October 22, 1987, the Standing Committee on Finance and Priorities considered a report from the Director of Planning on 'Policy on Large-Scale Retail Uses in Industrial Areas'. During discussion, some members of the Committee expressed concern that the Board of Variance was hearing appeals to allow retail uses in excess of the 10,000 square feet permitted in industrial districts. Without a clearer statement of policy, some of these appeals may be granted and undermine Council's intent. As well, potential applicants need to be clearly apprised that Council is serious in maintaining the 10,000 square foot limit. The Director of Planning was instructed to report back to Council on means of clarifying Council's intent.

COMMUNICATING COUNCIL POLICY

Two immediate means are available to communicate Council policy more clearly to the Board of Variance and to others who may be affected.

1. A Policy Statement

Council may by resolution adopt an official policy statement on retail uses in industrial areas. Such a statement, with a clear indication of intent, would read as follows:

> Retail uses larger than 10,000 square feet gross floor area are not to be permitted on any site in industrial zoning districts (M, I, and IC). It is Council's intent to reserve these districts for bona fide industrial uses and to direct retail uses larger than 10,000 square feet to designated commercial areas. Commercial designation shall occur only through commercial zoning, comprehensive development district zoning, or an official development plan.

2. Zoning District Intent Statements

Some ambiguity is caused by intent statements in the older (M) industrial district schedules. This old intent is now obsolete because of the recent amendments restricting retail uses to 10,000 square feet and because of Council's direction to review the present industrial zoning. Eventually all existing M zoning will be replaced with more exclusive industrial zoning (I), with mixed-use zoning (IC), or with non-industrial zoning (R and C). Given the above, it is no longer necessary or accurate to retain the following clause in the M district intent statements:

It is also the intent to permit commercial or institutional uses that do not have the above characteristics [i.e., bona fide industrial characteristics] but have limited development or business opportunity in other districts.

This clause can be removed by amending the M-1, M-1A, M-2 district schedules. This will delete the most substantive basis for appeal to the Board of Variance. The newer M-1B, IC, and I schedules have more accurate intent statements and do not need to be amended.

CONSTRAINING BOARD OF VARIANCE DISCRETION

If Council wished, it could further constrain the ability of the Board of Variance to consider appeals for retail uses in excess of 10,000 square feet. This would be done by building the 10,000 square foot maximum into the list of permitted uses, rather than limiting floor space in the regulation section as at present. Under this proposal, each industrial schedule would list as a use: 'retail, not exceeding 10,000 square feet'. The Board of Variance can vary regulations, but it cannot permit a use not listed in the district schedule. Therefore, it would be effectively prevented from allowing under any circumstance retail in excess of 10,000 square feet, as that would be interpreted as a separate use not listed in the schedule.

However, the Director of Planning does not recommend this, as there is no evidence that the Board of Variance would not act appropriately when given clear policy guidance from Council, and such a constraint would limit the Board from granting minor floor space appeals when there is legitimate hardship.

DEALING WITH REZONING APPLICATIONS

An additional policy statement will be required if Council does not approve the Director of Planning's recommendations in the report on 'Policy on Large-Scale Retail Uses in Industrial Areas'. If Council does not intend to consider rezonings for large-scale retail uses in industrial areas, potential applicants should be given appropriate warning. This could be done by adding one sentence to the end of the proposed policy statement on retail uses in industrial districts. That sentence would read simply:

> Council does not favour the rezoning of industrial land to accommodate retail uses.

This should be sufficient to discourage most applications. However, some applications may still be submitted. It would not be prudent for staff to spend much time analyzing and evaluating these if Council intends to refuse them as a matter of policy. Therefore, it would be appropriate for the Director of Planning to report all such applications quickly to Council for decision as to whether the application should be reviewed for a detailed report back or whether it should be immediately refused (i.e, not referred to a public hearing).

RECOMMENDATION

Adoption of a clear Council policy on retail uses in industrial districts and deletion of an ambiguous intent clause from some present industrial schedules should clarify City Council intentions for the Board of Variance and for others. These actions are compatible both with a policy which is receptive to rezonings for retail uses and with a policy which discourages such rezonings. Therefore, the Director of Planning recommends:

1. THAT Council adopt a policy statement on retail uses in industrial areas as detailed on page 1 of this report;

2. THAT Council instruct the Director of Planning to apply to amend the M-1, M-1A, and M-2 District Schedules of the Zoning and Development By-law to delete the ambiguous intent clause identified in this report, that the Director of Legal Services be instructed to prepare the necessary by-law, and that the application and by-law be referred to a Public Hearing.

CONSIDERATION

The Director of Planning continues to believe that a careful review of applications to rezone industrial land for large-scale uses could result in net community benefit. Therefore, he continues to recommend A, B, and C, as set out in the previous report on 'Policy on Large-Scale Retail Uses in Industrial Areas':

'A. THAT Council adopt the Policy on Large-Scale Retail Uses (Appendix A).

B. THAT the Director of Planning report back after one year on experience operating under this policy.

C. THAT the Director of Planning solicit consultant proposals to evaluate the policy in light of emerging retail trends, and that he report back on appropriate candidates and required budget.'

However, should Council not approve these, an alternate policy and procedure is required. Therefore, the Director of Planning submits the following for Council's consideration:

3. THAT Council complete its policy statements on retail uses in industrial areas with this sentence:

   Council does not favour the rezoning of industrial land to accommodate retail uses.

4. THAT the Director of Planning be instructed to report all applications to rezone industrial land for retail use directly to Council for a decision on whether to prepare a standard rezoning report or whether to refuse the application immediately on the basis of policy."

The City Manager RECOMMENDS that 1 and 2 be approved and submits the choice between A, B, and C, or 3 and 4 for CONSIDERATION.

CITY OF VANCOUVER
PLANNING DEPARTMENT

REPORTS TO COUNCIL

SUBJECT: POLICY ON LARGE-SCALE RETAIL USES IN INDUSTRIAL AREAS

DATE: SEPTEMBER 23, 1987

COMMITTEE ACTION:

Information to Council Standing Committee of Council on Finance and Priorities meeting of October 22, 1987.

On October 22, 1985, Council resolved as follows with respect to large-scale retail uses in industrial areas:

> That Council, as a matter of policy, does not favour the rezoning of industrial land to accommodate mega-markets.

Subsequently in 1987, the Director of Planning reported on two current development applications for large stores on industrially zoned land, which were perceived to be in potential conflict with the intent of the foregoing policy; Westfair Foods at 350 S.E. Marine Drive, and Titan Wholesale Club at 3505-3585 Grandview Highway. It was felt these developments could set precedents for other potential applications which were known to be in the works, and on April 14, 1987, after lengthy debate, Council passed the following resolutions:

- That the Director of Planning report back on the process and resources required to expeditiously produce a plan which accommodates large-scale retail uses in the City in a manner which is equitable and which responds to Council's many concerns about such uses.
- That Council concur with the Director of Planning's assessment that in the context of a commitment to produce a large-scale retail plan, the proposal from Westfair Foods deserves favourable consideration as a set of uses complying with the existing M-2 Schedule.
- That Council concur with the Director of Planning's assessment that approval of a conditional use development permit for Titan Wholesale Club would establish an undesirable precedent for other similar applications, and therefore the application should not be approved.
- That the Director of Planning be instructed to bring forth an amendment to the Industrial District Schedules of the Zoning By-law which would restrict retailing, as an outright accessory use, to the percentage of floor space presently permitted in the Schedules or 10,000 square feet, whichever is the lesser (resolution as clarified by Council on April 28, 1987).

In accordance with Council's resolution, the Director of Planning refused a development permit for Titan Wholesale Club, but this decision was overturned by the Board of Variance on April 29th. Westfair Foods received its development permit on August 31st. An amendment to the Zoning By-law, limiting outright and conditional retail uses to 10,000 square feet in all industrial areas, was approved at a Public Hearing on July 23rd.

The Committee now had before it a City Manager's report dated September 23, 1987, in which the Director of Planning discusses the potential effects of mega-markets and similar large-scale retail uses both on the City's industrial areas and on its retail structure, and recommends a policy for accommodating large-scale retail uses in the City of Vancouver. Proponents of large-scale retail uses have contended they are unable to locate in the City's commercially zoned areas because the sites are too small. Instead, they seek to develop in industrial areas where larger and less expensive sites are available. Various concerns arise regarding retail uses in these areas, including traffic and other compatibility problems, a possible rise in industrial land prices, unfairly low property taxes relative to commercial districts, and demand for increased services. There are also concerns regarding the retail structure of the City, in that there may well be more retail space in Vancouver than the market can support. There is a possibility of negative effects on existing local shopping areas, of changes to the character and amenity of neighbourhoods, and of reduced access for Vancouver residents.

The Director of Planning has explored ways in which planning for large-scale retail uses could be prepared, including a number of alternative work programs for a large-scale retail plan, which could range in cost from $50,000 to $200,000 and in duration from less than six-months to about two years. A typical mid-range alternative is described. However, because of the pace and nature of change in the retail industry, comprehensive retail planning has become more than ever an exercise in guesswork. Hence, Council cannot be assured such a plan would be any more effective than a general statement of principles, or that it would be worth the cost of preparation.

The Director of Planning believes that a more general policy approach would be preferable at this time since it is more appropriate to the current environment of unpredictable change. It would permit the City to proceed cautiously and incrementally, and would allow Council to modify its position as more is learned about the actual effects of new retail structures. The proposed policy on large-scale retail uses is attached as Appendix A. It has three principal provisions.

- Large-scale retail uses will be permitted in industrial areas only through rezoning to CD-1. This will provide for a full assessment of impact and permit mitigation through tailor-made requirements, and will afford the public an opportunity to express its views. Through removing the project from the general industrial category, it should reduce spin-off effects on land values and result in fairer taxation.
- Rezoning applications will be evaluated against a set of explicit criteria, specified in advance. These will include suitability of existing commercially zoned sites, inclusion of industrial uses, competitive balance, traffic and parking, accessibility, industrial and environmental impact, and public support.
- The policy may change as trends and effects become better understood. Provision is made for a review of cumulative impact, a tone of caution is established, and provision is made for declaration of a moratorium on the processing of applications under the policy.

The Director points out one danger in this incremental policy approach, namely, that collective change could mount up quickly. To assist in anticipating potential impacts, it would be useful to have some educated guesses as to where the policy might lead over time. To this end, it is recommended that consultants' proposals be invited for a study reviewing the policy in light of retail trends, and projecting possible development under various policy alternatives. The

study could also forecast the effect of each alternative on existing retail structures and relevant interventions. Useful viewpoints could be obtained for a total budget not exceeding $20,000; the Director of Planning would report back on this matter.

In his comments to the report, the City Engiener expresses a number of concerns with the introduction of large-scale retail uses in industrial areas, ranging from problems of parking, access and servicing to such development problems as incompatible land use issues. He would prefer to delay any further approvals until the two mega-markets already approved are built and operating. To provice a mechanism with CD rexonings to allow further developments of this nature, even though restrictive, would serve only to encourage new proposals with an expectation of approval. The City Engineer feels the impacts of operating mega-markets should be monitored and more fully assessed before decisions are made on whether to consider new proposals of this type.

In conclusion, the City Manager and Director of Planning recommend the following:

A. That Council adopt the Policy on Large-Scale Retail Uses (Appendix A).
B. That the Director of Planning report back after one year on experience operating under this policy.
C. That the Director of Planning solicit consultant proposals to evaluate the policy in light of emerging retail trends, and that he report back on appropriate candidates and required budget.

The Assistant Director, Overall Planning, reviewed the various concerns which have arisen around this issue, as well trends and other factors bearing on the market, and the possible impact of development in outlying municipalities. The proposed policy would be a cautious, "one-step-at-a-time" approach, permitting Council to evaluate each application on its merits without making a full-scale commitment. Its adoption would also have the advantage of placing Council's policy very clearly before the Board of Variance. With respect to appeals previously allowed by the Board, one factor has been that there was no alternative for the developer. However, the existence of a mechanism through rezoning does provide an alternative, and hence the Board would be less inclined to allow appeals. Rezonings are entirely within Council's jurisdiction, and provide an established, careful process meeting many of Council's concerns.

The Committee then heard from the following delegations:

- Mr. Russell Hunter, B.C. Old Age Pensioners's Association, felt that large-scale retail uses permitted in the City would lead to less retail areas adjacent to neighbourhoods. Also, there is a lack of transit to get to outlying areas. His association would not like to see mega-markets encouraged.
- Mr. Wayne Alexander, B.C. Coalition for the Disabled, felt that large-scale convenience stores can be good for the handicapped and elderly, as long as access needs are taken into consideration in development. Concerns were expressed regarding customer service, changes in retail structure, transportation, and the need for community input. The Coalition suggested amendments to the proposed criteria of competitive balance, accessibility, and public support to achieve the desired ends.
- Mr. Michael Audain, Urban Development Institute, felt the proposed policy was not broad enough, and did not recognize the potential of Vancouver's wide industrial holdings. Industry and retail patterns are changing, and the City needs a policy for total development of industrial lands, with an eye to increasing employment and retail competition. This would result in benefits to

consumers and to the economy as a whole. Without such a policy, Mr. Audain feared major large-scale retailers would be driven to other municipalities and opportunities lost. He urged the City to work on such an overall policy, and indicated the Urban Development Institute would be pleased to co-operate in such an effort.

Responding to queries, Mr. Audain felt so significant development would proceed under the criteria proposed by the Director of Planning. He also clarified his basic point that development policy is needed for all industrial lands for a variety of uses, not just for retail use.

The Committee also noted a letter dated October 22, 1987, from Mr. Richard Mann, Abitat Consultants Ltd., supporting the Director of Planning's recommendations.

The Committee discussed the proposed policy at some length, ranging over a number of issues outlined below:

- It was suggested Council should not be in the business of combines regulation, but should regulate land use only. In response, it was pointed out Council has the duty to assess the impacts of particular uses on the public, and to consider quality of life issues.
- The issue of retail competition and lower prices to consumers was raised. Some Committee members wondered whether large-scale retail uses do not rather have the effect of strangling competition, without substantial benefit to the consumer.
- While some Committee members felt opportunities should not be discarded wholesale without being reviewed on their merits, it was pointed out that any developer may request consideration of any proposal, even without the existence of a specific policy setting out criteria for large-scale retail uses.
- Only three substantial areas of industrially zoned land remain within the City, and a considerable industrial base has already been lost to the Fraser Valley. Some members felt action must be taken to protect existing industrial lands for future development, although industries of a different type may be encouraged.
- Concern was expressed that approval of a policy permitting large-scale retail uses on industrial lands under any circumstances would raise expectations in the development community. It was also feared that any approvals under such a policy would set precedents which could not be ignored in future applications.
- General concern was expressed that the Board of Variance had granted appeals respecting large-scale retail uses over 10,000 square feet, despite the existence of Council policy to the contrary. It was suggested the Board's position under the Charter should be reviewed.

Queried by the Committee, Mr. Droettboom explained the Board of Variance had recently turned down applications for developments of 26,000 and 33,000 square feet, and in his opinion had done so based on the impending policy. While there could be no absolute guarantees, approval of the proposed policy would make it more difficult for the Board of Variance to grant appeals.

The Deputy City Manager pointed out the proposed policy does provide an alternative which is entirely in Council's ball court, and does not involve the Board of Variance. More importantly, it deals with mega-markets in a sensible way. If Council is prepared to review applications under controlled conditions, then the policy should be approved. If however it is Council's intention to entirely pre-

clude such developments, such a policy would not be the best approach. In the latter case, it simply should be stated that Council will allow no exceptions to development over 10,000 square feet.

On the basis the proposed policy would place the matter of development more firmly under Council's control, a motion was put and lost:

> That Council approve recommendations A, B, and C. of the Director of Planning.
>
> (Aldermen Puil, Baker, Bellamy, Davies, and Eriksen opposed)

The majority opposed to the motion favoured a stronger reiteration of Council's existing policy restricting large-scale retail to no more than 10,000 square feet.

In view of this result, the Director of Planning suggested it would be helpful to Council to bring forward a statement giving a clear direction opposed to retail development in industrial areas which is over 10,000 square feet. Although Council is not in a position to legally bind the Board of Variance, this would allow the Planning Department to go before the Board and state that Council is firm in its position.

The Chairman directed that the matter be raised at the council meeting of November 24th, to afford the Director of Planning time to draw up the necessary wording.

CITY COUNCIL ACTION:

Extract from the Minutes of Vancouver City Council Meeting of November 3, 1987

"In a letter dated October 30, 1987, Cancor Development Corporation requested an opportunity to address Council concerning large scale retail uses in industrial areas and the proposed redevelopment of property at 26 Southwest Marine Drive. It was also noted that before Council this day was a report from the Standing Committee on Finance and Priorities dated October 22, 1987, on the subject of retail uses in industrial areas.

Moved by Alderman Eriksen, that the request be approved and the delegation be heard on November 24, 1987. -Carried Unanimously

Moved by Alderman Eriksen, that all interested parties be notified of the aforementioned proposal, including Vancouver building supply and home improvement retailers. -Lost

(Aldermen Baker, Bellamy, Caravetta, Owen, Price, Taylor and the Mayor opposed)"

At this Council meeting, Council deferred consideration of the above matter to its meeting of November 24. The relevant clause from the Finance and Priorities report of October 22nd, is attached. Further, Council approved the delegation request of Cancor Groupd of Companies to its meeting of November 24th. Cancor's communication of October 30th, is also attached, together with the relevant Council extract.

CANCOR GROUP OF COMPANIES

October 30, 1987

Mayor and Council
City of Vancouver
435 West 12th Avenue
Vancouver, B. C.

Dear Mayor and Council:

Re: Large Scale Retail Uses in Industrial Areas and the Proposed Redevelopment of the Industrial Zoned Land located at 26 Southwest Marine Drive into a Home Improvement Centre by the Cancor Development Corporation

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I am writing on behalf of the Cancor Development Corporation and in respect to the redevelopment of the Chrysler Canada Limited Parts Warehouse located at 26 Southwest Marine Drive.

Our proposed project would see the warehouse transformed into a Home Improvement Centre much in keeping with the uses that have evolved in this area over the past several years.

The concept of one centre containing a complete, pre-planned, mix of home improvement related facilities, both retail and wholesale in nature, is presently not available in Vancouver.

This area of Vancouver, and in particular the area between Main and Cambie Streets, is known as a place to go in search of such outlets, however the present facilities are spread out along Marine Drive, randomly, and do not provide a complete product for those who arrive there.

Our proposed facility will provide an organized focal point which will make it more convenient for Vancouver residents and others who travel a distance looking for these goods and services, and at the same time, draw people to this area and thereby enhance the viability of the existing facilities.

The uses we propose will be complimentary and will not stray from the theme of the Facility. We intend to anchor the Centre with an enclosed Lumberyard and a Nursery. A list of the potential uses we would include in the Facility*has been included with this letter and the only suggested shift from these uses is to provide restaurant facilities and a financial institution, both as a convenience

*(on file)

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301 - 15117 - 101 AVENUE SURREY B.C. V3R 8P7 (604) 585-7700

to the patrons and in recognition of our particular location.

The stores we are proposing to locate in the Centre will, for the most part, be engaged in merchandising on a wholesale as well as a retail level. Some will manufacture and assemble products on the premises.

Immediately adjacent to the site are warehouses, a lumberyard, office facilities, and retail stores, all of which our Facility would compliment.

Traffic and access considerations will be addressed to maximize accessibility to the Facility as well as to limit any adverse impact of the increased activity on our neighbours.

For your appreciation, it is our intention to pursue our project through the Municipal Process in the manners provided, and to that end, we have been waiting for Council's review of the proposed policy recommendation on the issue of retail uses in industrial areas recently prepared by the Planning Department.

We attended the meeting of the Standing Committee of Council on Finance and Priorities held on September 23, 1987 and were disappointed with the consensus reached on this issue, and in particular with regard to the policy recommendation put forward.

We do not support the proposition that industrial zoned lands should be indiscriminately used for other purposes and nor do we support the conversion of such lands for other than good reasons and common sense. It is our belief, after reviewing the policy recommendation, that it was designed with these same fundamental thoughts in mind.

It recognizes the need for the City to provide for change in our enviroment and accordingly to accomodate the wants and needs of its citizens in keeping pace with these changes; and on the other hand, it provides a rigorous set of rules and procedures that make sure that the changes occur in the best interests of the community and its established infrasturcture.

The policy will make the Developer prove its proposal meets the guidelines to the satisfaction of Council and it leaves little or no room for appeal, as this policy advocates a complete hearing for each proposal.

From the Developer's point of view, the guidelines are onerous but propose a forum from which their ideas on change can be fully scrutinized and given a chance to occur.

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The policy is an attempt to intellectually deal with a controversial issue and at the same time deal with it completely to ensure that the results of the final decision made by council cannot be reasonably challenged, thereafter.

Our company welcomes the opportunity to participate in such a procedure, so that we can advocate change in an open minded forum rather than from under an inflexible and potentially shortsighted by-law.

Accordingly, we encourage Council to adopt the policy put forward by the Planning Department at the Finance and Priorities meeting and would like the opportunity to appear before Council to express these views at its next regular meeting to be held on November 3, 1987.

Yours very truly,

CANCOR DEVELOPMENT CORPORATION

Gerry A. Olma, B. Comm.
GAO:ard
Encl.

DELEGATION REQUEST NOVEMBER 24, 1987

SUPPORTS ITEM NO. 5
FINANCE & PRIORITIES AGENDA
OCTOBER 22, 1987

MANAGER'S REPORT

DATE: September 23, 1987

TO: Standing Committee of Council on Finance & Priorities

SUBJECT: Policy on Large-Scale Retail Uses in Industrial Areas

CLASSIFICATION: RECOMMENDATION

The Director of Planning reports as follows:

"PURPOSE

This report recommends a Council policy for accommodating large-scale retail uses in the City of Vancouver.

BACKGROUND

Earlier this year, Council considered a report from the Director of Planning on 'Large-scale Retail Uses in Industrial Areas'. That report detailed two current development permit applications for large retail stores on industrially-zoned land. The first of these, Westfair Foods at 350 S.E. Marine Drive, was for a food and general merchandise store of 98,000 square feet in association with 294,000 square feet of wholesale-distribution uses and 44,100 square feet of food manufacturing space. The second, Titan at 3505-3585 Grandview Highway, was for a 122,100 square foot 'wholesale club'. The applications were reported to Council as both were perceived to be in potential conflict with the intent of Council's policy resolution of October 22, 1985:

> THAT Council, as a matter of policy, does not favour the rezoning of industrial land to accommodate mega-markets.

Both could also set precedents for other potential applications which were known to be in the works.

On April 14, 1987, after lengthy debate, Council passed the following resolutions:

> THAT the Director of Planning report back on the process and resources required to expeditiously produce a plan which accommodates large-scale retail uses in the city in a manner which is equitable and which responds to Council's many concerns about such uses;
>
> THAT Council concur with the Director of Planning's assessment that in the context of a commitment to produce a large-scale retail plan, the proposal from Westfair Foods deserves favourable consideration as a set of uses complying with the existing M-2 schedule;
>
> THAT Council concur with the Director of Planning's assessment that approval of a conditional use development permit for Titan Wholesale Club would establish an undesirable precedent for other similar applications, and therefore the application should not be approved;
>
> THAT the Director of Planning be instructed to bring forth an amendment to the Industrial District Schedules of the Zoning By-law which would restrict retailing, as an outright accessory use, to the percentage of floor space presently permitted in the schedules or 10,000 square feet, whichever is the lesser [resolution as clarified by Council on April 28, 1987].

Following Council's resolutions, a number of actions have occurred. On April 21, the Director of Planning refused a development permit for Titan Wholesale Club, but this decision was overturned by the Board of Variance on April 29. Westfair Foods received its development permit on August 31. On June 9, Council received a report on an amendment to the Zoning By-law. This amendment, limiting outright and conditional retail uses to 10,000 square feet in all industrial areas, was approved at a Public Hearing on July 23. The Director of Planning has explored ways in which a plan for large-scale retail uses could be prepared, and in this report recommends that a more flexible Council policy be substituted for a firm plan.

ISSUES

Council's concern with mega-markets and similar large-scale retail uses has focused on two sets of issues: (1) the effect on the city's industrial areas and (2) the effect on the city's retail structure.

Industrial Areas

Proponents of large-scale retail uses have contended that they are unable to locate in the city's present commercial areas because of the generally small size of existing commercially-zoned sites. Instead, they seek to develop in industrial areas, particularly on S. E. Marine Drive and in the Grandview-Lougheed district, where large and relatively inexpensive sites abound.

Council has been concerned that the retail use of these areas could create traffic and other compatibility problems for existing manufacturers and other industrial uses. There has also been a fear that demand from retail uses would raise industrial land prices to the point that new manufacturers and distributors could not afford to locate in the city and that existing industries would be forced to relocate. This has been accompanied by a worry that retail uses in industrial areas would pay unfairly low land prices and property taxes relative to their competitors in commercial districts. And, while paying lower taxes, these uses may demand more services from the City because of an increased intensity of activity.

Retail Structure

Many believe that there is already more real and potential retail space in Vancouver than the market can support. The addition of new large-scale retail uses could have a negative effect on existing local shopping areas. In addition to profoundly changing the character and amenity of neighbourhoods, this could reduce retail access for some Vancouver residents--particularly for the increasing population of elderly persons and for others without automobiles. A turn away from the city's traditional retail areas might also affect the City's infrastructure investment in those areas and place new demands on the City for commercial beautification programs and other public investments aimed at improving competitiveness.

A LARGE-SCALE RETAIL PLAN

To respond to these issues and the other concerns raised in Council's 1985 and 1987 considerations of mega-markets and other large-scale retail uses, and recognizing the reality of the Westfair and Titan decisions, the Planning Department has prepared a number of alternative work programs for a large-scale retail plan. These range in staff and consultant cost from about $50,000 to nearly $200,000 and in duration from less than six-months to about two years. A typical mid-range alternative involves a city-wide trade-area analysis, a series of area and site studies, a survey of experience in other cities, a few other moderately complex technical investigations, and some time spent consulting with affected interests before creating new zoning, applying it to specific areas, and undertaking other measures to compensate for probable off-site impacts.

Unfortunately, nearly all alternative programs share a common failing: the anticipated 'plan' just does not ring true. The more we look at the ways in which a large-scale retail plan could be developed, the more obvious it becomes that few, if any, would produce a result with which we or Council would feel confident. The principal difficulty is the pace and nature of change in the retail industry. A typical plan, involving relatively static land-use designations and development regulations, relies on predictably stable relationships (for example, the amount of retail floor space which can be supported by a given population). However, recent developments, of which the mega-market phenomenon is just one part, are destroying old rules of thumb and making comprehensive retail planning more than ever an exercise in guesswork. One of the biggest guesses is what lies out there beyond the mega-market to make this year's plan obsolete next year. While it is possible to develop a non-typical plan which takes uncertainty into account, we cannot assure Council that such a sophisticated plan would be any more effective than a general statement of principles, or that it would be worth the cost of preparation.

AN ALTERNATIVE

Instead of a specific and firm plan, the Director of Planning believes that a more general policy approach is preferable at this time. Such an approach is more appropriate to the current environment of unpredictable change, it permits the City to proceed cautiously and incrementally, and it will allow Council to modify its position as the City learns about the actual effects of new retail structures. A more specific plan, particularly one including precise zoning designations, may be too difficult to change once it becomes cemented in development expectations.

A proposed Council policy on large-scale retail uses is attached as Appendix A. The policy has three principal provisions.

1. **Large-scale retail uses will be permitted in industrial areas only through rezoning to CD-1.**

   The rezoning requirement is based on the observation that large-scale uses can be as large in floor area and in potential impact as a sub-regional shopping centre (for example, Arbutus Village or 1st and Renfrew). It is customary to submit projects of this scale to special rezonings so that impact can be fully assessed and mitigated through tailor-made requirements and so the public can express its views at a Public Hearing. As well, a rezoning to CD-1 will explicitly remove any large-scale retail project from the general industrial zoning category. This should help reduce spin-off effects on true industrial land values and make it more likely that the Assessment Authority will treat the site on its own merits, not as representative of other industrial sites in the area. Fairer taxation should result.

2. **Rezoning applications will be evaluated against a set of explicit criteria, specified in advance.**

   The criteria specified in Appendix A are tough and conservative. Council will probably hear many arguments suggesting that they are unreasonable and not achievable. Interestingly, however, we believe that the Westfair project, now under construction, would test well against these criteria.

   While it may not be possible or desirable for every application submitted under this policy to meet all the listed criteria, Council's attention to these criteria will help ensure that approved projects are in the community's interest. Consistent application of the criteria should help meet Council's expressed objectives for a large-scale retail plan without that plan being actually prepared. That is, use of the criteria should

- o provide opportunity for all retailers to compete in the market-place on a fair and open basis;
- o maintain adequate retail access for all residents, including those without automobiles;
- o safeguard established and desired industries from incompatible neighbouring land-uses and not hasten the exit of industrial jobs from the city;
- o preserve adequate opportunities for the incubation of new economic activities and the encouragement of industrial and service sector entrepreneurship;
- o not create unmanageable environmental impacts or infrastructure costs;
- o respect existing retail districts.

3. **The policy may change as trends and effects become better understood.**

   This makes it clear that no precedent is being set by the approval of specific rezoning applications and makes it possible for both Council and the industry to apply learning in order to achieve better policy and better projects in the future. It also establishes a tone of appropriate caution. While this does not provide the sense of regulatory certainty much desired by the development industry, it is a realistic and responsible attitude toward rapidly changing market forces with immense potential effects on the City.

ADDING SOME OTHER PERSPECTIVES

There is one danger in an incremental policy approach which involves large increments (i.e., single stores the size of shopping centres). This is that cumulative impacts could mount up very quickly before the City realizes the scale of change and modifies policy.

So that the City can better anticipate potential impacts and react more quickly than it might otherwise, it would be helpful to have some educated guesses on where the policy might lead over time. These would be highly speculative but could be produced by having one or more consultants with extensive expertise and experience in retail development and public policy do the following:

1. Review the policy in light of emerging North American and world retail trends;
2. Project what sort of new development, at what general locations, would occur under this policy, under a more restrictive 'no more large retail in industrial areas' policy, and under a more liberal 'give the market its will' policy;
3. Forecast what effect each policy alternative would have on the city's existing retail structure and what sort of City interventions might be demanded or required.

The Director of Planning could invite consultant proposals to do this work and then report back to Council on appropriate candidates, if any, and required budget. We expect that some useful viewpoints could be obtained for a total budget not exceeding $20,000. However, Council need not allocate funds until the Director of Planning reports back.

CONCLUSION

An extensive plan-making exercise does not appear to be an effective and efficient response to large-scale retail uses and other rapid changes in the retail industry. Preparing a plan would involve a significant commitment of time and money, but the resulting product could be inflexible and unresponsive to emerging needs. A more general and flexible policy approach can meet Council's objectives for a plan without locking the City into an inappropriate and irreversible course. It also ensures that appropriate care is exercised on each and every large-scale retail project coming before the City and that due Council and public overview is maintained. Monitoring and refinement of the policy over time could benefit from some informed speculation on probable trends and impacts.

COMMENTS OF THE CITY ENGINEER

The Engineering Department has a number of concerns with the introduction of large-scale retail uses in industrial areas. These concerns range from the normal engineering-related problems of parking, access and servicing of retail uses in industrial districts to development problems related to incompatible land use issues and the erosion of neighbourhood shopping.

Two mega-markets have already been approved. We would prefer to delay any further approvals until these mega-markets are built and operating. To provide a mechanism with CD rezonings to allow further developments of this nature, even though restrictive, only serves to encourage new proposals with an expectation of approval. The impacts of operating mega-markets should be monitored and more fully assessed before decisions are made on whether to consider new proposals of this type.

RECOMMENDATION

The Director of Planning recommends:

A. THAT Council adopt the Policy on Large-Scale Retail Uses (Appendix A);

B. THAT the Director of Planning report back after one year on experience operating under this policy;

C. THAT the Director of Planning solicit consultant proposals to evaluate the policy in light of emerging retail trends, and that he report back on appropriate candidates and required budget."

The City Manager RECOMMENDS that the recommendations of the Director of Planning be approved.

VANCOUVER CITY COUNCIL

APPENDIX A

POLICY ON LARGE-SCALE RETAIL USES IN INDUSTRIAL AREAS

1. REZONING REQUIRED

Only retail uses of 10,000 square feet or less gross floor area are permitted in industrial zoning districts. Council will consider applications to rezone from industrial (M, I, and IC) zones to CD-1 for the purpose of developing retail uses in excess of 10,000 square feet. Rezoning will require Council approval of a specific form of development at a Public Hearing.

2. CRITERIA TO BE APPLIED

When evaluating rezoning applications for large-scale retail uses, Council will have regard to the following criteria:

a. **Suitability of existing commercially zoned sites**
The applicant should clearly demonstrate that the proposed use cannot be physically accommodated on land presently zoned for commercial uses.

b. **Inclusion of industrial uses**
The retail use should not be a stand-alone project, but rather should be part of mixed-use development including a substantial component of bona fide industrial use. As a guide, applicants should strive for an intensity of industrial use similar to or in excess of that prevailing in the general area of the proposed development. The industrial and retail spaces need not be occupied by the same tenant.

c. **Competitive balance**
The applicant should demonstrate how the proposed development will improve the long-term level of retail competition in the proposed trade area. While recognizing that occupancy by particular firms cannot be guaranteed or enforced, Council will be more favourably disposed to projects which are likely to permanently increase the number and variety of competing firms in the area. An application which leads to a lessening of competition through increased market concentration in one or a few firms or which can be seen to lead to store closure because of over-saturation of the market will not be viewed positively.

d. **Traffic and Parking**
The applicant will submit a traffic and parking analysis including the identification of mitigation measures which will ensure the continued efficient operation of surrounding businesses (with particular regard to goods movement) and the continued peaceful enjoyment of nearby residential neighbourhoods.

e. **Accessibility**
The applicant should demonstrate how the proposed retail use will be accessible to those without automobiles. Proposed developments should have ready transit service or be within easy walking distance of a large population and should not be solely dependent on automobile access.

f. **Industrial Impact**
The proposed development should not impose operating constraints on nearby industrial uses. It should not be located where it will be adversely affected by existing high-impact industrial uses or where it will interfere with the rightful expansion or development of such uses.

g. **Environmental Impact**
The applicant's proposed form of development should clearly indicate the mitigation measures which will reduce noise, glare, visual, and other impacts on surrounding residences and businesses.

g. **Public Support**
The proposal should enjoy a high level of public support among surrounding residents and businesses, as documented in surveys and minutes of public information meetings, and as demonstrated at the Public Hearing.

3. REVIEW OF CUMULATIVE IMPACT

Over time, the development of large-scale retail uses in industrial areas could have a substantial effect on the city's overall retail structure and on the viable use of certain lands for continued industrial purposes. Council is concerned with these cumulative impacts and will, therefore, periodically review this policy to ensure that these impacts are properly managed. In order to allow time for impact assessment, Council may from time to time declare a moratorium on the processing of applications under this policy.